

Opening Statement of Chairman Fred Upton
Subcommittee on Energy and Power
Hearing on “The American Energy Initiative” – Day 7
May 13, 2011

Today’s hearing is our second opportunity to examine the Jobs and Energy Permitting Act of 2011, authored by our friend from Colorado, Mr. Gardner. I am glad Assistant Administrator Gina McCarthy is able to join us this morning and look forward to hearing her views on the draft legislation.

We all know jobs and the economy have been top concerns of the American people for the last couple of years, but this spring, gasoline prices shot up and now sit alongside jobs atop the list of worries for families and job creators. The good news is, this proposal is designed to address both issues – bringing down gasoline prices by signaling to the market that domestic supplies are going to increase, and creating jobs for the energy development itself and its injection of activity into the economy more broadly.

Our hearing on April 13 gave us the chance to listen to some compelling testimony from an outstanding panel of witnesses. Whether it is the economic and environmental threat posed by declining throughput in the Trans-Alaska Pipeline, the tens of thousands of jobs that can be created by North Slope production, or the impressive federal revenue generated by tapping these vast resources, the case for drilling in Alaska’s arctic seas cannot be more persuasive.

Unfortunately we do not have a federal government that is as easily convinced by obvious benefits, averted disasters, or facts in general. And we have an administration that appears ashamed of domestic resources most countries would be grateful to possess. In today’s global economy, I cannot think of many countries that would allow permits to languish for five years with 27 billion barrels of oil at stake.

The fact is, tremendous amounts of domestic oil resources in the arctic remain underground. This is not through some blanket moratorium, not through impossible economic hurdles, and not because it cannot be safely produced. The arctic is not being explored because Rube Goldberg planted one of his machines inside EPA headquarters. We all know what a Rube Goldberg machine is: a deliberately over-engineered machine that performs a very simple task in a very complex fashion, usually including a chain reaction.

This is exactly what we have in the Environmental Appeals Board at the EPA. The circular argument being waged between EAB, Shell Oil, EPA, and environmental groups is astounding to watch. Because of this byzantine system of permits, reviews, and appeals – supposedly in the name of environmental stewardship – we are continuing to import more oil from countries that don’t like us, many of them with environmental standards much lower than our own.

And to those who think opening up resources like those that exists in Alaska, off our East and West Coasts, and in the Eastern Gulf of Mexico will have no effect on the price of gasoline, we need only look at what happened when President Bush decided to lift the executive moratorium on OCS drilling in July 2008. On that very day, oil futures plunged over \$9 in response to the announcement. Future expectations influence current prices. We must always keep this fact in mind.

Today, gasoline is averaging \$3.97 a gallon. That is \$1.06 higher than the price 12 months ago. We are in the midst of a price environment that is dangerously close to sending our economy into another recession. For the sake of our economy and energy security, we are simply out of excuses when it comes to not developing the resources this country is fortunate enough to own.

Mr. Gardner's bill will sensibly and adequately address the situation we face in Alaska. With the Jobs and Energy Permitting Act, we have the capability to correct the procedural mismanagement at EPA and ensure the public and environment remain protected. Administrator Jackson herself has stated these drilling operations will pose no threat to human health. So what are we waiting for?

Along with the Resources Committee bills passed in the House this week, we are responding to the American people who desperately want to see their government act on high energy prices and curtail regulatory overreach.

I thank the witnesses for being here today and look forward to the discussion. With that I yield the balance of my time.